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September 18, 2007

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Naval Facilities Engineering Command, Pacific
258 Makalapa Drive, Suite 100
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Re: Docket No. 2006-0386 - Application of Hawaiian Electric Company, Inc. for
Approval of Rate Increases and Revised Schedules and Rules

Dear Parties:

The Parties' Stipulated Settlement Letter, filed on September 6, 2007, indicates that: (1) in a subsequent document, the Parties will address the issue of whether there should be a sharing of the risk associated with changes in the price of oil that is reflected in Hawaiian Electric Company, Inc.'s ("HECO") existing Energy Cost Adjustment Clause ("ECAC"); (2) the agreement that is reflected in the Stipulated Settlement Letter is intended to provide HECO with timely rate relief through the commission's authorization of the stipulated interim rate increase; and (3) the Parties' agreement, if any, on the ECAC matter is not expected to impact the agreement on the increase to which HECO is probably entitled as set forth in the Stipulated Settlement Letter.

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In connection with the foregoing, please inform the commission, by October 1, 2007, when the Parties will file written briefs addressing the ECAC issue, and whether the Parties will submit briefs addressing the ECAC issue separately or jointly. In addition, please address the following issue in the October 1, 2007 filing: Assuming the commission issues interim rate relief as requested by the Parties, and the Parties subsequently agree to, or the commission issues an order with, a different risk-sharing formulation under HECO's ECAC, what effect, if any, would the different risk-sharing formula have on the interim rate relief granted in the commission's interim decision and order, and the calculation of any refunds that may be required ?

The Parties may, at their option, submit filings addressing these issues separately or jointly by the October 1, 2007 deadline.

Please contact the undersigned at 586-2019 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaiulani Kidani Shinsato". The signature is fluid and cursive, with the first name "Kaiulani" being the most prominent.

Kaiulani Kidani Shinsato
Commission Counsel

KKS:eh

c: Thomas W. Williams, Jr., Esq. and Peter Y. Kikuta, Esq.
Dean K. Matsuura
Dr. Khojasteh Davoodi